

# **Office of the State Auditor**

**Joint General Government Appropriations Subcommittees**

**March 14, 2017**



# **OSA Divisions**

- **Financial Audit** – Financial statement audits, Single Audit, CAFR
- **Information Systems Audit** – IT security, general controls
- **Performance Audit** – Effectiveness and efficiency
- **Financial Related Unit** – Smaller scope (e.g., requests, follow-ups)
- **Investigative Division** – Fraud, waste and abuse

# **Who We Audit**

- **State Agencies**
- **Universities**
- **Community Colleges**
- **Clerks of Court**
- **Component Units** (e.g., Battleship NC and Ports Authority)

# **Metrics**

- Increased use of metrics – Division and staff levels
- Division metrics reviewed monthly – Senior leadership meeting
- Directors, managers, supervisors make daily decisions using metrics
- Office has expanded use of metrics to administrative divisions (e.g., Track It tickets in MIS and availability at Welcome Desk)

# Division Metrics

Measures (type) <small>Updated as of January 31, 2017</small>		Target	Red	Yellow	Green	Current Month	Prior Month	FYTD 2017	Rolling 12-Month Trend	Ultimate Goal
1	Chargeable Hours: employees meet or exceed chargeable time target (input)	100%	<80%	<100%	>=100%	99%	117%	112%	105%	100%
2	Budget: segments of the audit completed within budgeted hours (process)	85%	<75%	<85%	>=85%	100%	NR	88%	93%	95%
3	Milestones: segments of the audit completed by the target date (process)	85%	<75%	<85%	>=85%	NR	NR	88%	94%	95%
4	Audit Released: reports issued and projects completed meet plan requirements (output) - Note - Color indicator is prorated to reflect status as of the end of the prior month.	6	<75%	<85%	>=85%	1	0	88%	6	95%
5	Client Satisfaction: audit reports are useful and auditor conduct is professional. Rated on a 1-5 scale (outcome) -	4	<3	<4	>=4	3.65	NR	4.33	4.48	4.75

# Individual Metrics

## Chargeable Vs NonChargeable Employee Summary

		FY Total	7/2016	8/2016	9/2016	10/2016	11/2016	12/2016	1/2017	2/2017	3/2017
Auditor A	Actual Chargeable Hrs	1,194	159	166	167	152	129	95	161	151	16
	Budgeted Chargeable Hrs	1,161	128	147	134	134	122	91	128	128	147
	Actual Non Chargeable Hrs	207	10	19	10	16	48	82	15	9	0
	Actual Non Chargeable Cost	\$21,270	\$979	\$1,906	\$979	\$1,648	\$4,893	\$8,395	\$1,545	\$927	\$0
Manager	Actual Chargeable Hrs	37	37								
	Budgeted Chargeable Hrs	80	80								
	Actual Non Chargeable Hrs	84	84								
	Actual Non Chargeable Cost	\$8,601	\$8,601								
Auditor B	Actual Chargeable Hrs	1,042	145	145	154	155	150	92	37	134	32
	Budgeted Chargeable Hrs	1,161	128	147	134	134	122	91	128	128	147
	Actual Non Chargeable Hrs	374	24	39	23	14	26	84	139	26	0
	Actual Non Chargeable Cost	\$38,471	\$2,421	\$4,017	\$2,318	\$1,391	\$2,678	\$8,652	\$14,317	\$2,678	\$0
Auditor C	Actual Chargeable Hrs	1,123	104	173	150	154	122	114	136	149	23
	Budgeted Chargeable Hrs	1,161	128	147	134	134	122	91	128	128	147

# Organization/Reorganization

- Office reorganization completed in 2016
  - No immediate significant restructuring planned
- Every position is evaluated for effectiveness, efficiency
  - Particularly true during times of turnover
- Long term
  - Add a performance team to conduct full-time follow-up audits

# Goals

- Improve efficiency in mandated work to focus more effort on work that saves the state money
  - Medicaid program
  - State contracting practices
  - Follow-up audits



# Budget Request

	<u>Request(\$)</u>	<u>Governor's Budget</u>
<b>Subject matter experts</b>	250,000	200,000
<b>Market salaries</b>	127,000 <sup>1</sup> /675,000 <sup>2</sup>	203,000 (2% increase)

<sup>1</sup> Based on existing market rates, approximately 10 years old

<sup>2</sup> Based on OSHR's proposed 2016 market rates

# Questions?